

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 AID-20 DODE-00 PM-07 H-03 L-03

NSC-10 PA-03 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19

IO-15 OMB-01 DRC-01 /171 W
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P R 121901Z OCT 73

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 8784

INFO USCINCSO

PANCANAL

C O N F I D E N T I A L PANAMA 5515

E.O. 11652: GDS

TAGS: PINT ECON PN

SUBJECT: BUSINESS SECTOR CONFRONTS GOP

SUMMARY: CHAMBER OF COMMERCE AND INDUSTRIES(CONEP), DURING MEETING OCT. 10, DECIDED TO CALL A GENERAL MANAGERIAL STOPPAGE, THUS CLOSING BUSINESS ENTERPRISES, BEGINNING AT 0700 OCT. 12 AND ENDING 0700 OCT. 13 IN PROTEST AGAINST NEW DRAFT LAWS ESTABLISHING RENT CONTROLS, REVISION OF THE 1970 BANKING LAW, AND PROVIDING INCENTIVES FOR CONSTRUCTION OF LOW COST HOUSING. IN OBVIOUS ATTEMPT TO BLUNT THE EFFECT OF STRIKE, THE ASSEMBLY OF CORREGIMIENTO REPRESENTATIVES VOTED TO DECLARE FRIDAY A HOLIDAY. CONEP HAS COUNTERED BY POSTPONING STRIKE UNTIL 0700 OCT. 15. BUSINESS SECTOR APPEARS DETERMINED TO HALT WHAT IT CONSIDERS IS UNANNOUNCED DRIFT TO LEFT BY GOP. END SUMMARY.

1. APPROXIMATELY 500 MEMBERS OF CONEP MET WEDNESDAY, OCT. 10 TO DISCUSS PROPOSED NEW LAW AFFECTING PRIVATE ENTERPRISE, BUT ABOUT WHICH THEY HAD NOT BEEN CONSULTED. ACCORDING TO ONE SOURCE THEY HAD LEARNED OF THE PROPOSED NEW RENT LAW ROLLING BACK RENT INCREASES TO THE LEVEL EXISTING IN DECEMBER 1972 ON OCT. 9 WHEN IT WAS PUBLISHED IN THE NEWSPAPERS, AND EVEN THEN COULD ONLY OBTAIN COPIES

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OF THE LEGISLATION THROUGH "UNDERGROUND" CHANNELS. AT THAT TIME

THEY ALSO BECAME AWARE OF OTHER PROPOSED LAWS AFFECTING BANKING.

2. THE 500 PARTICIPANTS VOTED TO REMAIN IN "PERMANENT SESSION" UNTIL THE CRISIS WAS OVER AND GRANTED THE CHAMBER PRESIDENT AUTHORITY TO ACT IN THE NAME OF THE GROUP. IT ISSUED A COMMUNIQUE STATING THAT GOP WAS ADOPTING MEASURES PREJUDICIAL TO PRIVATE ENTERPRISE AND PANAMA'S ECONOMIC GROWTH AND THAT CERTAIN OFFICIALS WERE DELIBERATELY MOVING COUNTRY AWAY FROM PRIVATE ENTERPRISE SYSTEM. COMMUNIQUE CALLED FOR MANAGERIAL STOPPAGE BEGINNING FRIDAY AT 0700 HOURS AND CONTINUING UNTIL SATURDAY 0700 HOURS. (SUBSEQUENTLY POSTPONED UNTIL MONDAY, OCT. 15.) EMPLOYEES OF ALL PRIVATE ENTERPRISES WERE ADVISED THAT THEY NEED NOT TURN UP FOR WORK ON FRIDAY AND THAT THEIR WAGES WOULD BE PAID IN FULL BY THEIR EMPLOYERS. THESE DECISIONS HAD THE UNANIMOUS SUPPORT OF ALL 500 MEMBERS PRESENT AND OF 10 OF 11 CONSTITUENT ORGANIZATIONS SUCH AS PANAMANIAN ASSOCIATION OF BUSINESS REPRESENTATIVES, PANAMANIAN CHAMBER OF CONSTRUCTION, AND THE PANAMANIAN SALES ORGANIZATION. ONLY THE BANKERS ASSOCIATION COULD NOT PLEDGE TOTAL SUPPORT BECAUSE MEMBERS HAD TO OBTAIN INSTRUCTIONS FROM THEIR HOME OFFICES, MANY OF WHICH WERE ABROAD.

3. DURING THE DAY OCT. 11 THE GOP-CONTROLLED RADIO LIBERTAD PERIODICALLY DENOUNCED THE STRIKE AS BEING POLITICALLY MOTIVATED AND AIMED AT BRING DOWN THE GOP. THE BROADCASTS DESCRIBED CONEP AS BEING COMPOSED OF OLIGARCHS, DIRECTED BY IMPERIALISM, AND HAVING EVIL ENDS AND UNSOUND AIMS. BROADCASTS COMPARED CONEP UNFAVORABLY TO THE 505 POPULARLY ELECTED REPRESENTATIVES OF THE PEOPLE WHO WERE CONCURRENTLY MEETING TO PROMOTE THE WELFARE OF THE PANAMANIAN PEOPLE. CONEP, ON THE OTHER HAND, ACCORDING TO RADIO LIBERTAD, WAS SEEKING TO CONTINUE INJUSTICE, EXPLOITATION OF THE POOR, SHADY DEALS, ATTACK AGAINST THE PUBLIC TREASURY AND FOMENT OPPOSITION OF THE CONSTITUTION AND THE LAW. THE RADIO COMMENTATORS ALLEGED CONEP'S ACTIONS DEMONSTRATED THEIR CONTEMPT FOR THE ELECTORAL PROCESS, THEIR ANGER, AND THEIR OBSTINACY. THEIR ENTRY INTO PERMANENT SESSIONS WAS RIDICULED AND RADIO LIBERTAD ASSERTED THAT THE ONLY PERMANENT THING WAS THE UNYIELDING DECISION OF THE GOVERNMENT-PEOPLE TEAM WHICH TREAD THE PATH OF DIGNITY, PROGRESS AND SOCIAL JUSTICE.

4. THE ASSEMBLY OF CORREGIMIENTO REPRESENTATIVES MEETING DURING
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THE AFTERNOON OF OCT. 11 PASSED TWO RESOLUTIONS RELATED TO THE CONEP ACTION. ONE REPUDIATED THE BUSINESS STRIKE BEING CALLED BY CONEP AND PLEDGED SOLIDARITY WITH THE EXECUTIVE BRANCH IN SUPPORT OF THE MEASURES ADOPTED TO SOLVE THE HOUSING PROBLEM. THE SECOND RESOLUTION DECLARED FRIDAY, OCT. 12 TO BE A NATIONAL HOLIDAY, THIS CUTTING THE GROUND FROM UNDER THE MANAGERIAL SHUTDOWN. CONEP RESPONDED BY POSTPONING THE STRIKE UNTIL OCT. 15. SPEECHES BY ASSEMBLY REPRESENTATIVES EFFUSIVELY CONDEMNED THE

CONEP ACTION.

5. THE EXECUTIVE COUNCIL OF THE FEDERATION OF PANAMANIAN STUDENTS (FEP) DECLARED A STATE OF ALERT AND ANNOUNCED THAT A NATIONAL ASSEMBLY OF ALL FEP MEMBERS WILL BE HELD SATURDAY, OCTOBER 13 TO DISCUSS THE SITUATION.

6. TORRIJOS IN SPEECH BEFORE ASSEMBLY REPRESENTATIVES OCT. 11 SAID THAT ALLEGATIONS THAT GOP WAS AGAINST BUSINESS WERE NOT TRUE. THE GOVERNMENT WAS ONLY AGAINST REACTIONARY BUSINESSMEN. HARKING BACK TO 1925 WHEN GOVERNMENT HAD CALLED IN U.S. TROOPS TO PUT DOWN TENANT RIOTS, HE SAID HE DID NOT KNOW WHO WOULD CALL IN TROOPS, BUT THEY WOULD NOT BE RECEIVED IN A SIMILAR MANNER TODAY. HE GAVE NO INDICATION OF HOW GOP WOULD DEAL WITH THE CHALLENGE POSED BY CONEP STRIKE.

7. AN INTELLIGENCE REPORT HAS INDICATED THAT GOP HAS ISSUED ORDERS TO PREVENT CONEP LEADERS FROM LEAVING PANAMA.

8. COMMENT: CONEP MEMBERS, PROBABLY STIMULATED BY SUCCESS IN PRESSURING GOP TO ACT TO OUST LEFTISTS FROM PROVINCIAL GOVERNMENT IN CHIRIQUI, HAVE DECIDED TO PROVOKE A CONFRONTATION WITH GOP OVER NEW RENT LAW AND OTHER PROPOSED LAWS WHICH ARE INTENDED TO PROMOTE CONSTRUCTION OF LOW-COST HOUSING. IN PAST TORRIJOS HAS SENT UP "TRIAL BALLONS" IN FORM OF PROPOSED LEGISLATIVE CHANGES AND HAS MODERATED THEM WHEN FACED WITH CRITICISM. HIS PREGMATIC NATURE WOULD TEND TOWARD COMPROMISE. HOWEVER, THE FACT THAT CONEP HAS CHOSEN A DIRECT FRONTAL ATTACK ON GOP ITSELF, RATHER THAN ON THE PROPOSED LEGISLATION, TENDS TO MAKE COMPROMISE DIFFICULT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PANAMA05515
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS SAYRE
Errors: N/A
Film Number: n/a
From: PANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731035/aaaaazwq.tel
Line Count: 145
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by martinjw>; APPROVED <13 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BUSINESS SECTOR CONFRONTS GOP SUMMARY: CHAMBER OF COMMERCE AND INDUSTRIES(CONEP), DURING
TAGS: PINT, ECON, PN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005